

MONTHLY REVENUE REPORT

July 2014

Revenue from Michigan's General Fund and School Aid Fund earmarked taxes and net lottery revenue to the School Aid Fund totaled \$1.8 billion in July 2014, a 0.6% increase from the 2013 level. July tax collections were approximately \$14.5 million below the level expected in the Senate Fiscal Agency's (SFA's) estimate for the month, based on the consensus revenue estimates adopted in May 2014. Below-forecast revenue from the individual income tax was more than offset by above-estimate collections for the sales, use, and business taxes.

Collections earmarked to the General Fund were \$0.5 million above the expected level for July, while School Aid Fund tax collections were \$16.0 million below the forecasted level. The remaining \$1.0 million in increased collections goes to other funds, primarily constitutional revenue sharing. Through July, year-to-date General Fund collections are \$49.7 million below, and School Aid Fund collections are \$54.1 million below, the level expected based on the May 2014 consensus revenue estimates.

Net income tax revenue totaled \$650.7 million in July 2014, down 6.8% from July 2013. Withholding payments (which represented the majority of gross income tax revenue) were 7.0% below the year-ago level and \$28.9 million below the predicted level. Quarterly payments under the individual income tax were down 1.7% from the 2013 level and annual payments were down 11.1%. When combined, quarterly and annual income tax payments were \$1.4 million above the SFA estimate for the month.

Sales tax receipts totaled \$681.0 million in July 2014, \$21.3 million above the forecast for the month. Year-to-date sales tax collections are \$62.6 million or 1.2% above the 2013 level, a growth rate lower than the 1.8% growth forecast for the year.

Combined business tax collections from the Single Business Tax (SBT), Michigan Business Tax (MBT), and Corporate Income Tax (CIT) totaled \$83.9 million for the month. Net SBT collections totaled \$5.1 million. Most taxpayers who still file the MBT do so to collect refundable tax credits. Net MBT revenue for July totaled a negative \$37.9 million. Forecasted MBT revenue in FY 2013-14 is expected to be dominated by several large refunds. The timing of when these refunds will be claimed and processed will significantly affect the accuracy of monthly MBT estimates. Net CIT revenue was \$116.8 million, up 56.1% from July 2013 due to an increase in quarterly payments. Net CIT revenue was \$47.4 million above the monthly estimate.

Net lottery revenue to the School Aid Fund was \$37.2 million in July 2014, \$12.5 million lower than in July 2013. An \$18.0 million July 2014 payout in the Daily 4 game offset revenue gains in other games. Year-to-date, net lottery revenue is 0.6% below the year-ago level, compared to the 5.5% annual growth projected by the May 2014 Consensus Revenue Estimating Conference.

The table on the back of this report identifies the major taxes included in the report, and provides their respective revenue levels and growth rates for July 2014. Also presented are the revised consensus revenue estimates for FY 2013-14, which were adopted at the May 2014 Consensus Revenue Estimating Conference.



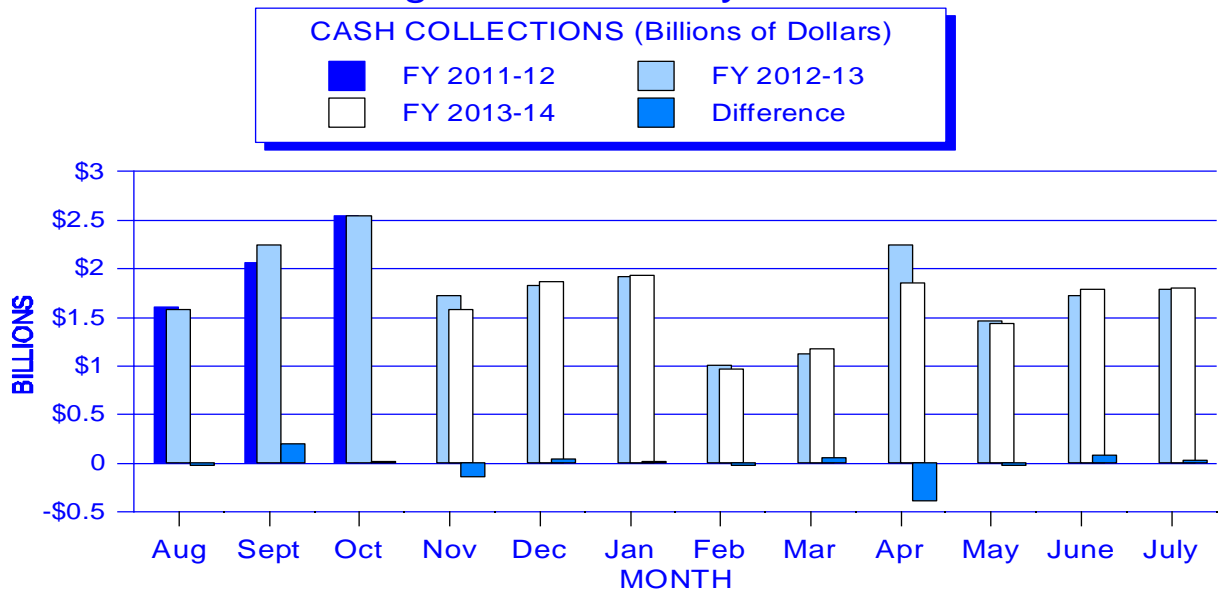
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MICHIGAN REVENUE UPDATE
JULY 2014
(dollars in millions)

Type of Revenue	July Collections		FY 2013-14 to Date ²⁾		FY 2013-14 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2012-13
Gross Individual Income Tax	\$684.3	(7.0)	\$7,623.8	(2.0)	\$9,948.8	(0.2)
Refunds	(33.6)	(10.5)	(1,640.7)	2.9	(\$1,743.2)	2.9
Net Income Tax	650.7	(6.8)	5,983.1	(3.3)	\$8,205.6	(0.8)
Sales Tax	681.0	(0.1)	5,380.6	1.2	7,285.0	1.8
Motor Vehicles	87.7	1.5	657.9	1.1	----	----
All Other Sales Tax	593.3	(0.3)	4,722.7	1.2	----	----
Use Tax	132.7	9.9	1,008.0	8.0	1,378.4	8.5
Tobacco Taxes	80.5	3.4	687.1	(1.8)	938.0	(2.0)
Corporate Income Tax	116.8	56.1	701.2	7.7	879.9	12.4
Michigan Business Tax	(37.9)	----	(472.0)	----	(552.0)	----
Insurance Tax	74.6	0.7	231.6	5.2	346.5	15.0
State Education Property Tax	16.6	14.7	350.7	(11.0)	1,788.0	1.0
Real Estate Transfer Tax	22.6	32.9	155.4	17.1	233.4	15.4
Casino Wagering Tax ⁴⁾	9.0	(0.9)	80.8	(3.7)	108.0	(2.4)
Oil & Gas Severance Tax	4.7	(15.4)	49.9	14.7	67.0	12.6
Other Taxes ⁵⁾	48.9	7.6	187.4	(3.3)	306.5	0.0
Total	\$1,800.3	1.3	\$14,343.9	(2.7)	\$20,984.3	(0.8)
Addendum:						
Gross Lottery Sales ⁴⁾	\$186.0	3.0	\$2,137.2	4.7	\$2,460.2	1.9
Net to School Aid Fund ⁴⁾	37.2	(25.1)	611.1	(0.6)	775.0	5.5

- 1) Total collections are unadjusted cash collections unless otherwise noted.
2) FY 2013-14 year-to-date collections begin with November 2013 collections to reflect accrual accounting.
3) Consensus revenue estimates adopted at the May 15, 2014, Consensus Revenue Estimating Conference.
4) Lottery and casino revenue is not accrued, so FY 2013-14 collections will include October 2013 to September 2014.
5) Other Taxes include beer, wine, liquor, single business tax, industrial facilities, utility property, and estate taxes, and penalties and interest.

Actual Revenue Collections for Major State Taxes*
August 2012 to July 2014



*Comparison of actual collections. Major taxes include the beer, casino wagering, estate, income, industrial facilities, insurance retaliatory, liquor, MBT, oil & gas severance, real estate transfer, sales, SBT, State education property, tobacco (cigarette & other tobacco products), use, utility property, and wine taxes, and penalties and interest revenue.